

Proposed Creation of “Services Committee”
J. Clark Kelso, Chairperson, Technology Services Board
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Summary

As a service organization in a changing technology environment, the Department of Technology Services constantly needs to identify customer desires and needs, and the Technology Services Board needs to focus its attention on how new services can most cost-effectively be developed and financed. A “Services Committee” of the Board is the best formal mechanism for achieving that focus.

Recommended Action

Create a “Services Committee” that will make recommendations to the Board regarding new service offerings that DTS may establish, strategic planning for new services, rates for those new service offerings, and any necessary budget authorizations to fund new service offering development. The Services Committee will coordinate its work with the IT Council’s DTS Services Working Group.

Explanation

The Department of Technology Services is a service organization. Its entire budget is based upon selling services to public agencies. The purchase of some services has been essentially mandated (e.g., telecommunications services off of the CALNET contract). Many other services are not mandated by law or policy, but as a practical matter and given historical investment and growth, could not easily be purchased by a department elsewhere (e.g., mainframe services). (It should be noted that DTS remains under good competitive pressure even as to its mainframe services – periodically, customers consider moving mainframe services to private sector vendors, which forces DTS to maintain quality services at competitive prices.)

However, some services that DTS currently offers, and many services that DTS could offer, are currently managed by departments themselves (e.g., security services, operational recovery, email services, managed desktop services, and storage, to name a few). In many of these instances, there are good business justifications for operating a service as an enterprise-wide service (both in terms of quality and consistency of service levels, and the ability to leverage the state’s buying power). We find, however, that it is often difficult to secure customers for some of these services because of a departmental tendency to make “apples to oranges” quality and price comparisons between DTS services and departmental services.

We need a forum in which to discuss these issues with departments so that DTS can identify those service areas where it is most likely to attract customers.

In addition, starting a new service offering or significantly expanding an existing offering usually involves making a substantial up-front investment to pay for necessary hardware, software and expertise. That up-front investment may not be recovered in a single budget cycle, and the efficiencies of scale may not be realized for two or three years. As a result, DTS needs to develop some mechanism for deciding what services are worthy of investment and for making the necessary investments to support those services.

We envision two committees will undertake the necessary work. The first committee is a “DTS Services Working Group” under the auspices of the State CIO’s Information Technology Council. The DTS Services Working Group will consist of a number of CIOs from large and small DTS customers, as well as a number of Agency Information Officers. The working group will meet on a monthly basis to discuss issues involving DTS’s services.

The second committee will be a “Services Committee” established under the auspices of the Technology Services Board. This business-side committee, which is likely to meet quarterly in between meetings of the Board, will receive input from the DTS Services Working Group. The Services Committee will then be able to make informed recommendations to the Technology Services Board regarding new services, rates and related budget actions.